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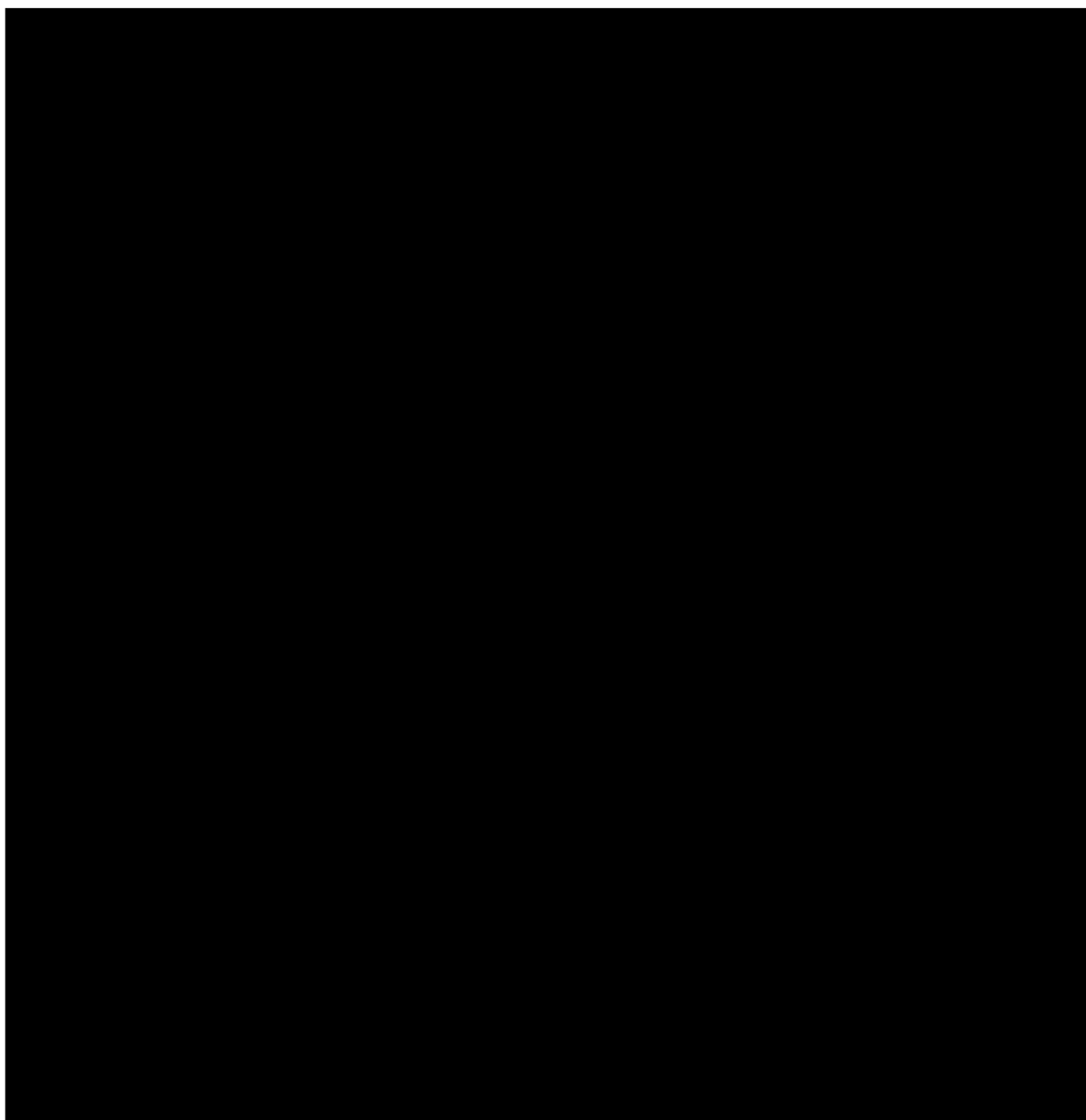
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NEPAL-INDIA: New Effort To Repair Relations

Nepal's Prime Minister Bhattarai is in India today seeking to end a crippling 14-month-old trade impasse between the two countries. [REDACTED]

[REDACTED] Bhattarai hopes to persuade New Delhi to return to the trade practices of low tariffs and other preferential trade arrangements it allowed Kathmandu before the dispute.

[REDACTED] Bhattarai is willing to yield to pressure to eliminate tariffs on Indian products and work permits for Indians but remains opposed to formal security arrangements, the key Indian demand. [REDACTED]

Comment: Bhattarai, leading a fragile coalition at home, cannot afford to return either emptyhanded or perceived as giving in to India. Kathmandu's objective is not likely to be met without formal agreements limiting Nepal's arms purchases from China. New Delhi probably will make concessions on trade and transit to strengthen democratization in Nepal. [REDACTED]

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